

REMARKS

By this Amendment, Applicants have canceled claims 147-150 and 155-158.

Accordingly, claims 89, 92-93, 95-99, 102-103, 105-108, 138-140, 144-146, 151 and 153-154 are presently under consideration.

Section 101 Rejection

Applicant disagrees with the Examiner's rejection of the pending claims as directed to non-statutory subject matter. 35 U.S.C. §101 provides that "whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof may obtain a patent therefore...." Each of the pending claims is directed to either a process or article of manufacture, and therefore meets the requirements of Section 101.

The Examiner's position that the claims failed to satisfy §101 because they fail to relate to the "technological arts," is without merit. As the Court stated in State Street Bank & Trust Co. v. Signature Financial Group, Inc., 149 F.3d, 1368 (Fed. Cir. 1998):

The plain unambiguous meaning of §101 is that any invention falling within one of the four stated categories of statutory subject matter may be patented, provided it meets the other requirements for patentability set forth in Title 35 ... The repetitive use of the expansive term "any" in §101 shows Congress' intent not to place any restrictions on the subject matter for which a patent may be obtained beyond those specifically recited in §101. Indeed, the Supreme Court has acknowledged that Congress intended § 101 to extend to "anything under the sun that is made by man." Thus, it is improper to read the limitations into §101 on the subject matter that may be patented where the legislative history indicates that Congress clearly did not intend such limitations. State Street, 149 F.3d 1372-1373 (emphasis applied, citations omitted).

Contrary to the Examiner’s assertion, the Federal Circuit’s decision in State Street makes clear that is improper to read any “technological arts” requirement into §101.

The Examiner’s assertion that the Federal Circuit in State Street never addressed the so-called “technological arts” limitation on patentability is without merit. In State Street, the Federal Circuit stated **without exception** that “it is improper to read limitations into §101 on the subject matter that may be patented where the legislative history indicates that Congress clearly did not intend such limitations.” State Street, 149 F.3d 1373. The “technological arts” limitation that the Examiner now seeks to read into § 101 represents an improper limitation on patentability that was clearly and expressly prohibited by the plain language of the State Street decision.

In the last Official Action, the Examiner acknowledged that the test for patentability set forth in State Street is whether the claims recite a “useful, concrete and tangible result.” However, the Examiner appears to have utterly ignored this test in rejecting Applicant’s claims. There is no dispute that the present claims are useful¹ and the Examiner has not articulated even a single reason why the present claims fail to produce either a concrete or tangible result.

When the test set forth in State Street – namely that the claims recite a “useful, concrete and tangible result”—is applied to Applicant’s claims, it is clear that Applicant’s claims recite statutory subject matter. In State Street, the Federal Circuit found that the “Hub and Spoke” software that was the subject of the State Street decision met the utility requirement of §101,

¹ See April 16, 2004 Official Action at 3 (“It is noted that the examiner has not indicated any concerns regarding [the] utility requirement of the claimed subject matter”)

because, the software admittedly produced a “useful, concrete, and tangible result.” The usefulness of the result was not diminished by the fact that the result was “expressed in numbers such as price, profit, percentage, cost, or loss.” See State Street, at 1375. Like the invention in State Street, each of the claims in the present application produce a useful, concrete, and tangible result -- namely the controlled extension of an auction closing time. To the extent that the Examiner maintains the rejection directed to non-statutory subject matter, Applicant respectfully requests that the Examiner explain how the controlled extension of auction closing times as presently claimed could fail to constitute a useful, concrete and tangible result.

Finally, even assuming for purposes of argument that there were a “technological arts” requirement for patentability, it strains the imagination to suggest that the present claims would fail to meet such a requirement. As presently worded, for example, claim 89 recites the following “technological” limitations:

- the extending step (c) “is performed using a server associated with a sponsor of the auction”;
- “the server and at least one bidder participating in the auction are coupled electronically over a communication network during the auction”;
- “the bids are submitted in step (a) by the at least one bidder to the server over the network”; and
- “the at least one behind market bid in step (b) is transmitted to the server over the network.”

Thus, claim 89 recites a server that is clearly used in step (c) and functionally interrelated with steps (a) and (b). The Examiner’s assertion that the process steps of the claimed invention are performed without any technological means is therefore simply without merit.

Thus, for the reasons set forth above, applicant respectfully submits that the Examiner’s rejection of the present claims under §101 should be withdrawn.

Section 103 Rejection

Applicant also disagrees with the Examiner's rejection of the pending claims for obviousness. Each of the independent claims in the present application require determining whether at least one behind market bid for the first lot occurs during the first time interval, and the extension of the auction closing time in response to receipt of a behind market bid. The Examiner has admitted that Newsbyte fails to teach the use of a behind market bid to trigger auction overtime, but reasoned that this limitation is taught by Woods. In this regard, the Examiner has reasoned as follows:

Newsbyte fails to teach that the first overtime condition comprises receiving at least one behind market bid for the first lot.
Woods, in the same field of endeavor teaches a method of auction wherein auction is extended when an overtime condition occurred during a first time interval, wherein the first overtime condition comprises receiving at least one behind market bid (see .. any bidding occurring in the final ten minutes ..auction is extended in ten minute increments, see 4th paragraph of text, in Woods any bid occurring beyond the originally scheduled closing time is considered as "behind the market" bid). April 16, 2004 Official Action at 9-10 (Emphasis supplied).

Initially, Applicant notes that it is confused by this rejection. The Newsbyte reference was authored by Bob Woods, and the "4th paragraph" from "Woods" referenced in the above-rejection appears to have come directly from the Newsbyte reference itself. Simply put, it appears that the Newsbyte and Woods references which are separately described in the rejection are in fact the same reference – rather than two different references. Assuming that the Examiner was referring to a single reference, Applicant is confused how a single reference can simultaneously both fail to teach ("Newsbyte fails to teach that the first overtime condition comprises receiving at least one behind market bid for the first lot") and at the same time teach

(“Woods, in the same field of endeavor teaches...”) an overtime condition that comprises receiving at least one behind market bid for the first lot. Clarification is requested.

Turning to the Examiner’s rejection (as best understood) of the previous claims as being obvious over the Woods/Newsbite reference(s), Applicant respectfully submits that this/these reference(s) fail to teach determining whether at least one behind market bid for the first lot occurs during the first time interval, and the extension of the auction closing time in response to receipt of a behind market bid, as required by the present claims. The portion of the Woods/Newsbite reference(s) relating to auction overtime is as follows:

Once an auction is started on an item, it runs 24 hours a day, seven days a week and lasts between 3 and 14 days. If any bidding occurs in the final 10 minutes, the auction is extended in 10-minute increments - - the equivalent of the “going once, going twice” period found in real auctions. (Emphasis supplied).

It is well known that the “going once, going twice” period in auctions refers to a period wherein only submission of a new market leading bid can cause the auction to go into overtime. It is counter-intuitive to suggest that, in the “going once, going twice” period in typical auctions, the submission of a behind market bid would cause the bidding period to be extended. In view of this, it is clear that the Woods/Newsbite reference(s) fail to teach either (i) determining whether at least one behind market bid for the first lot occurs during the first time interval, or (ii) the triggering of overtime in an auction based on receipt of a behind market bid during a first time interval, as required by each of Applicant’s pending claims.

In rejecting the claims for obviousness, the Examiner has also reasoned that the limitation requiring that the lot be defined by the buyer can be ignored in assessing patentability because the limitation has “no functional relationship” to the claimed invention. Applicant respectfully

submits that the Examiner's reasoning on this point is flawed. Since the lot recited in the claim is defined by a buyer (rather than a seller), it is clear that the claimed auction corresponds to a reverse (or downward) auction, where various sellers compete to sell the lot to the buyer. The determination of whether a given bid constitutes a "behind market bid" (step (b) of claim 89) is functionally tied to the fact that the auction recited in the claim is a reverse auction because, in a reverse auction a behind market bid will be greater than the market leading bid,² whereas in a traditional upward auction the converse is true. Thus, contrary to the Examiner's suggestion, the fact that the lot is defined by the buyer is functionally related to other claimed limitations. The failure of the Woods/Newsbite reference(s) to teach the auctioning of a buyer-defined lot, provides yet a further reason why each of Applicant's pending independent claims is allowable over the prior art of record.

Finally, Applicant wishes to separately argue for the patentability of dependent claims 98, 108 and 154, each of which expressly recites the triggering of overtime based on receipt of a behind marked bid from an incumbent supplier. In the last Official Action, the Examiner failed to mention the incumbent supplier limitation or describe how this limitation was taught by the Newsbyte/Wood reference(s). In short, it respectfully submitted that the Examiner has failed to establish even a *prima facie* case of obviousness with respect to the incumbent supplier limitation in dependent claims 98, 108 and 154, and the Examiner's rejection of these claims for obviousness therefore should be withdrawn.

² The requirement that "the at least one behind market bid be[] greater than a market leading bid" is recited in each of the pending independent claims.

Conclusion

In view of the above, it is believed that all pending claims represent patentable subject matter over the cited prior art, either alone or in combination. Applicants respectfully request the Examiner's consideration and examination of the application and timely allowance of the pending claims.

EXCEPT for issue fees payable under 37 C.F.R. § 1.18, the Commissioner is hereby authorized by this paper to charge any additional fees during the entire pendency of this application, including fees under 37 C.F.R. §§ 1.16 and 1.17 which may be required, including any required extension of time, fees, or credit any overpayment to Deposit Account 50-0310. This paragraph is intended to be a **CONSTRUCTIVE PETITION FOR EXTENSION OF TIME** in accordance with 37 C.F.R. § 1.136(a)(3).

Respectfully submitted,

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